



# Congressman Tim Bishop

*FIRST DISTRICT -- NEW YORK*

## NEWS RELEASE

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**CONTACT: WILL JENKINS**

**PHONE: (202) 225-3826**

## **BISHOP PASSES REVERSE MORTGAGE AMENDMENT AT URGING OF LI SENIORS**

**Washington, DC**—Today, Congressman Tim Bishop (NY-1) amended the Expanding American Homeownership Act of 2007 to enable more Long Island seniors to take out reverse mortgages on their homes in order to pay for medication, in-home assistance or other needs. The amendment was a direct response to a petition from over 100 Suffolk County seniors who reside in Foxwood Village in Calverton. The bill passed the House of Representatives by a vote of 348 to 72.

“My amendment will help seniors afford to stay on Long Island by allowing them to take full advantage of the assets they own,” said Bishop. “The petition I received asked for all seniors to be treated fairly, which is something I strongly believe in. This amendment will allow seniors who own homes on leased land to take advantage of reverse mortgages.”

Bishop’s amendment would make it easier for seniors who own fixed foundation homes built on leased land to secure a reverse mortgage. Current law allows such seniors to receive reverse mortgages only if their leases are for terms not less than 99 years or for periods of not less than 10 years beyond the maturity of the mortgages. This language excludes many seniors who own permanent foundation homes in communities where the land is leased and are not covered by either of these two categories of leases.

For example, the homeowners in one Suffolk County senior community are ineligible for a reverse mortgage under current law because they have “lifetime” lease terms, rather than 99-year terms, even though the leases are valid for as long as the seniors are alive, and transfer under the same conditions when the houses are sold.

In a letter accompanying the petition to Congressman Bishop from over 100 Long Island seniors, Robert J. Hall, from Calverton, wrote: “Senior Americans are not looking for a handout...We just want to be able to use the equity that is now locked into our homes without having to sell the homes and move. We don’t want to move. We want to stay where we are with our family and friends.”

Bishop’s amendment clarifies the qualification for a reverse mortgage on leased land so that seniors who have lease terms that end no earlier than a minimum number of years beyond their actuarial life expectancy are eligible for reverse mortgages. This type of actuarial formula is already used in Home Equity Conversion Mortgages and is outlined in the Truth in Lending Act.

In addition to Bishop's amendment helping seniors, the Expanding American Homeownership Act will revitalize the Federal Housing Administration (FHA), which was established to provide a reliable source of affordable mortgage loans for first-time homebuyers. The bill will enable the FHA to serve more subprime borrowers at affordable rates and terms, to attract borrowers that have turned to predatory loans in recent years, and to offer refinancing to homeowners struggling to meet their mortgage payments in the midst of the current turbulent mortgage markets.

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